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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Gina Harrison
Senior Counsel and Director

Washington Office

December 19, 2000

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
The Portals
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: **Ex Parte Notice:** Local Number Portability, CC Docket No.
95-116

Dear Ms. Salas:

Yesterday, John Hunter and Ed Kania of USTA, Margot Humphrey, Esq. of NRTA, and I met with Deena Shetler, Legal Advisor to Commissioner Tristani, to discuss matters summarized in the attached material. Kindly make this part of the proceeding's record.

I am submitting two copies of this notice in accordance with the Commission's rules. Please direct any questions to me.

Sincerely,

Gina Harrison
Attachment
Cc: D. Shetler

No. of Copies rec'd 012
List A B C D E

Number Portability Cost Recovery for Non-LNP-Capable LECs

The Commission Needs to Act Now

- Issue is pending since July 1998 when NECA first filed its Petition for Reconsideration.
- Carriers need to recover these legitimate costs now.

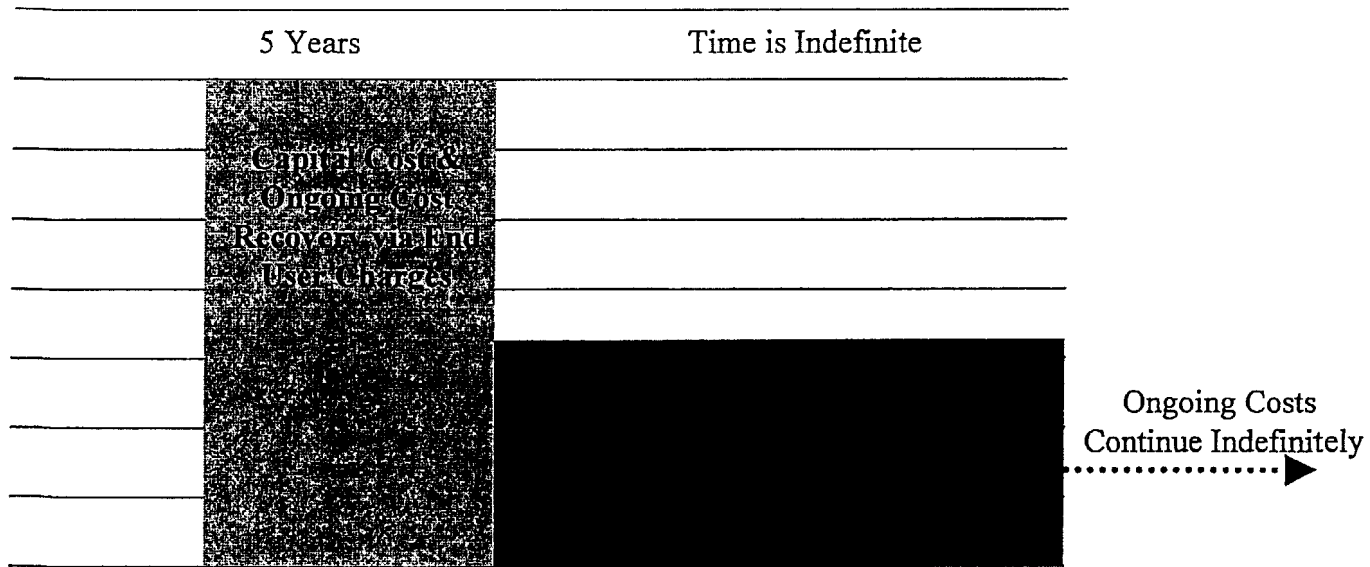
Recovery of “Ongoing” LNP Costs

- All LECs are incurring LNP costs
 - for LNP Database Administration
 - for Regional Database upkeep, queries, and end office software.
- LECs also incur one-time costs when converting to LNP capability.
- FCC rules permit LNP-capable LECs to recover one-time costs and ongoing costs via end user charges for five-year period.
- No recovery method specified for recovery of costs for non-LNP-capable LECs.

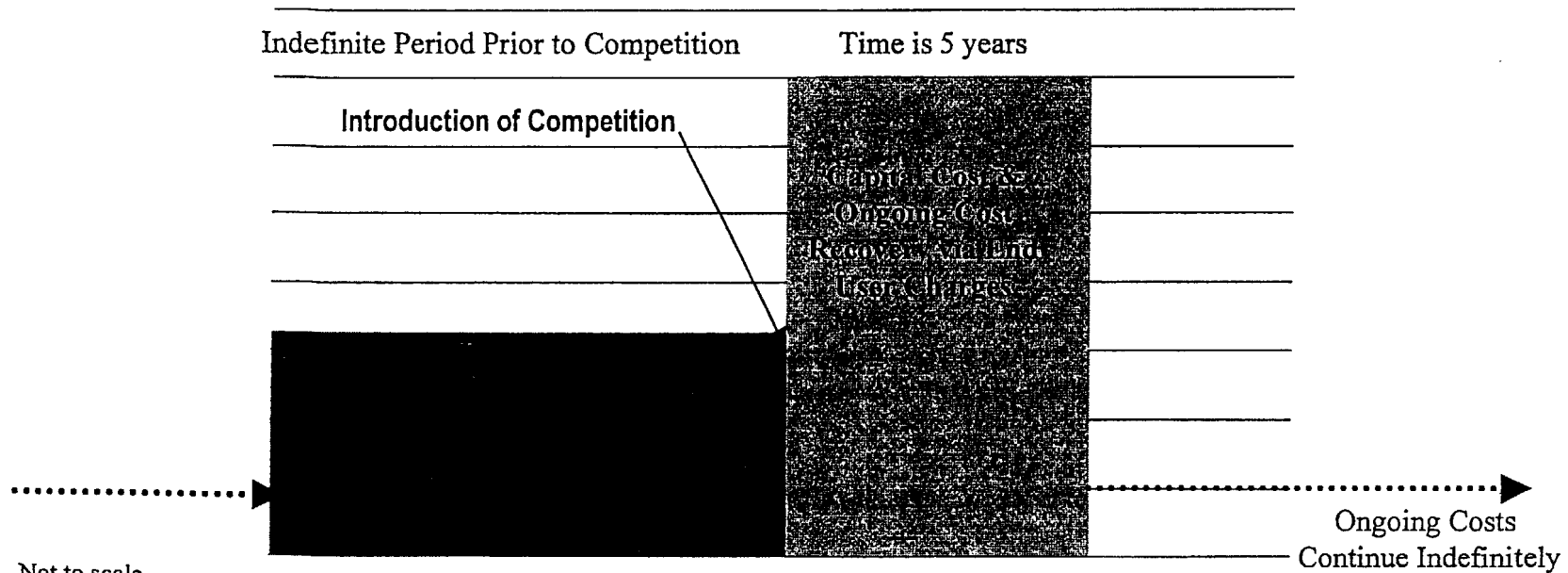
Equal Treatment

- FCC has permitted LNP - capable LECs to recover ongoing costs via access charges after initial five-year end user period.
 - “once incumbent LECs have recovered their initial implementation costs, number portability will be a normal network feature, and a special end-user charge will no longer be necessary to ensure that incumbent LECs recover their number portability costs on a competitively neutral basis. *Carriers can recover any remaining costs through existing mechanisms available for recovery of general costs of providing service.*” Telephone Number Portability, *Third Report and Order*, 13 FCC Rcd 11,701 at ¶ 144 (1998) (emphasis added).
- Non-LNP-capable LECs should be permitted to recover these costs via access charges *before* LNP conversion.

LNP - Capable LEC



Non - LNP-Capable LEC



Not to scale.

End User Charges for Pre-conversion LNP Costs?

- Why treat non-LNP-capable companies differently than LNP-capable companies?
- FCC has *opposed* end user charges in non-LNP-capable areas.
 - end users charges should be “designed so that end users generally receive the charges only when and where they are reasonably able to begin receiving the direct benefits of local number portability” *Third Report and Order*, 13 FCC Rcd 11,701 at ¶ 142.
- Significant administrative burdens will occur if five-year period begins prior to LNP conversion.
- These carriers will need an additional 5-year recovery period for full number portability costs after receiving a bona fide request.

When LNP Conversion Occurs . . .

- End user charges *will apply* for five-year period after small LECs receive bona fide requests and convert to LNP capability.
- Following end of five-year period, ongoing costs will be recovered via normal accounting methods (same treatment that applies to LNP- capable carriers today).

In conclusion . . .

- Treatment of ongoing LNP costs should be consistent for LNP-capable and non-LNP-capable LECs.
- Recovery via TS access rate.
- Change In TS rate Will Be Small.
 - Based on responses from 75% of Pooling LECs, NECA estimated annual costs for the total pool of \$3.6 M (0.36% of TS Revenue).
 - Equivalent to \$0.0002 per minute of use.